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Worlds-clearing, the winding-up

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1922

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Something wrong!

What is it?

1922

Worlds-Clearing

– The winding-up –

A sociological explanation and a money-technical

Solution of the worlds-problem

by

William A. Gatzen

Counsellor in the sociological technicology of money

1922

To the members of economical, financial and political conferences.

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Summary of contents.

page

In Chapter I we shall show, that the present worlds-crisis is a distinctly sociological one, one of the rare sociological deluges, which can spring into existence either by Nature, being destructive or even only unfavourable, either by the human will to destroy. The war caused as main-effect such a rare crisis from the dimensions of a deluge; and this sociological crisis causes *now* economical, financial and political effects: Cause and effect have changed places so to speak! Only these external effects are visible; the crisis itself is not bodily seizeable, but can only be understood by mental understanding, and mental means only can reabolish it.

During the economical and financial conferences moved from these external effects to the inner nucleus of the problem, not reaching it (*for want of the guiding knowledge of the sociological character of the problem*, which furthermore was far too difficult, to be solveable in the short time of a few weecks, conferences usualy last) — the present investigation went the other way: From the inner nucleus of the problem (recognizing it in three years of special study as a sociological affair) to the external effects. Thus a solution was found.

The consoling truth could systematicaly be developed, that *all* the different effects, *all* these puzzling "economical", "financial" and "political" problems, donnot exist as problems of individual character, that they are not "problems-by-themselves"! They all fall in *one* problem, namely to abolish the underlaying cause, — that sociological deluge — by *mental* means! There is only one problem, and there is only one solution.

It proves identical with the sociological reform of the wise Solon, a reform, which did help in the case of Athen, and in the case of Rome at the end of the Punic wars ("Worlds-clearing" 2000 years ago; there and than "for *one* empire only", here and to-day "for about **30** states") and which evidently will help in our days too!

We shall show the characteristical features of a sociological crisis, develop its laws, and find the differences between a sociological crisis and an economical, financial and political one 5

In Chapter II — than — we have to show: What is to-day wrong sociologicaly? We shall deal with the abstracte measurements, sociologicaly needed, to play the "Life-Game", especially its issues "Economics", "Finances", "Politics". We shall see, that one of these abstracte means of measurement, namely the national value-unit, has-by historical events-got into an insane condition, losing entirely its sociological sense and purpose. We shall find, that we have to come back to

page

a standard-currency everywhere, and that nearly every *national* "circle-of-bookkeeping" needs a reconstruction or repair by mental means and in a bookkeeping way 10

Chapter III. It is an entirely technical chapter, devoted to the sociological technicology of money, in order that we can state: What is wrong with money and gold? We shall have to develop a standard-model of a currency-system, and, to be able to do that, we have to find out the mental, the intellectual, the sociological demands, a money-sign logicaly has to have. Namely 1. Currency (base and footing), 2. Cover (single or plural), 3. Braking-system (against an over — as well as an under — issue of money-signs). These three demands *together* must be fulfiled, in order that one can speak of a "Currency-system" correctly constructed to accomplish its sociological purpose 12

In Chapter IV — than — we are able to show the *strategical* solution of the worlds-problem, especially "Solons sociological bookkeepers-trick", which of course cannot make the worlds-war undone, but which can master the sociological deluge, caused by the war: At the rare occassion of a restandarizing of the national value-unit, we can lower its currency-footing, and this lowering brings back a clear state-balance-sheet, as will be shown. — The sociological need of the different populations however will disappear by this arithmetical order, which such *sociological* finance brings back into the national bookkeeping-circles and by the reintroduction of a national value-standard correctly constructed, — therewith connected. All *effects* of the present sociological *cause* than will heal off and disappear; for the cause has been abolished, the "Circulus vitiosus" has been turned around: The intensity of "will to produce" and "power to consume" can grow again! . . . 23

In Chapter V — finaly — we shall show the *tactical* execution . . 28

Recapitulation and review 36

In the *closing words* we shall deal with the political consequences of such worlds-clearing. In the interior policy: The solution of the social question (as far as it is of sociological and material character). In the foreign policy: The solution of dilemmas caused by commercial rivality 42

Annex: List of 40 problems, which are interlaced and thus systematicaly treated 47

The domain of the science, of the **"Sociological technicology of money"**, furnishing the key, missing up to now, to the economical, the financial and even the political situation, of the world, is summarized on page 45.

Chapter I.

A sociological crisis.

Only to those the present solution of the worlds-problem may — at first sight — look astonishing, which have accustomed themselves, (in some cases one almost might say have hypnotized themselves), to expect the solution from the sciences "Economics"‘ "Finances", "Politics"; which just are the scienecs, of which the sociological meaning vanishes progressively.

Now — the present worlds-crisis is no economical, financial or political crisis at all, but a distinct sociological crisis, a sociological deluge. This class of sociological crisises is rare in the history of mankind, so rare in fact, that a "Ministery for Sociology", which badly is needed in times of such sociological disturbances for a short time, would be a ridiculous thing, if established as a continous institution of every national state-mashinery, just to look out for such sociological disturbances, which, — as history shows us — do spring into existence only once about every thousand years.

On the other hand, the world — up to now — had nearly no chance at all to get over the present sociological deluge, id est to turn around the CIRCULUS VITIOSUS, leading into universal desastre, into a CIRCULUS BENEVOLENS, leading into universal prosperity, because such an institution, which by that special sociological knowledge, here so badly needed, *could* have formed a solution, was missing in every country; at least as a state-institution. — — —

The war caused as main-effect such a rare sociological crisis; and this sociological crisis causes now puzzling economical, financial and political effects. Cause and effect have changed places! It was mainly the universal hunger for merchandises of all kind at the end of the war, which deceived most of us so, that this change nearly remained unnoticed. Only these external economical, financial and political effects of the sociological deluge are visible; the crisis itself is not bodily seizeable and can only be understood by mental means.

We have to prove here first of all the existence of such a sociological crisis, develop its laws, and to show the differences between a sociological crisis and an economical, a financial, a political one.

In case the silver-deposits of a silver-town in the vast deserts of the Americain West give out ("gash-veins"), this town is doomed to perish, and no economist, no financier, and no politicain can help it. The sociological crisis, which has seized that town, is caused by Nature, which in this case has been — passively — just unfavourable, and not even — actively — destructive. The external effects of that sociological crisis may be different; the working-men lose their employement (economical effect); the town may be unable to pay back the water-work-bonds (financial effect); and probably there will be too disagreements between the mine-owners and the labour-associations (political effect). — The bottom has dropped out of that town, so to speack; for the game, in which the life itself consists, is stopped: The Life of a silver-town in the vast deserts can only be based upon the production of silver.

From this illustration of a "sociological" crisis, we draw the laws: Sociological crisises may spring into existence either by Nature — being unfavourable or destructive — either by the human will to destroy. They may be small or large; they may seize just one local spot, a certain group of people, or entire states, entire nations. They always menace Life itself, especially the life of men as a sociological crowd, and thus the life of the individual too. They are characterized by the fact, that the exchange, in which Life itself consists, namely the sociological exchange between "will to produce" and "power to consume" is hindered, progressively hindered or even stopped entirely.

Donot confuse this *sociological* exchange between "will to produce" and "power to consume" with the *economical* exchange between "offer" and "demand"! A sociological crisis is distinctly different from an economical one: An economical crisis plays in the domain of "offer" and "demand"; the wave of an over-production runs out by itself, generaly in about some months, during a sociological crisis is something lasting, not running out by itself; here artifical means are needed to swing around a CIRCULUS VITIOSUS back into a CIRCULUS BENEVOLENS and the problem is, to find these means "to do it". A financial crisis is characterized by the fact, that "people have no money", that somewhere a passivity exists, during the means, to measure such passivity, namely a standard-money-unit of constant value has remained in order. (Here we touch already the point, which is so characteristic for the sociological crisis of our days.) — A political crisis is characterized by a misunderstanding; may be on several sides, may be only on one side. Sociologicaly viewed just here human follies and passions (the stories of which form "History") can reach enormous intensity. Sometimes it may be very hard indeed, even for the best statesman, to form a solution and sometimes still harder to convince of its clearness, correctness and

completeness. (Josef Chamberlain.) — In case some new scientific development, a New Truth, is needed politicaly, it is generaly brought into the political world by some path-finder or pilot; for the simple reason, that statesmen have other things to do, than to conduct scientific investigations. The present pamphlet tries to render such path-finder or pilots service to the statesmen of the entire world, and thus to compensate the "Ministery for Sociology", which does not exist in any of the many states, which need such just in the present sociological deluge.

The world of our days is inmidst of one of the greatest sociological crisises, history knows of. It is a complete sociological deluge, an universal sociological breack-down, a distinct CIRCULUS VITIOSUS, leading — as Mr. Darwin P. Kingsley, the President of the New York Life Insurance Co., stated it openly and clearly — to Hell!

He said: "Slowly, but steadily wo see the truth. There are no such things as winners or losers of the war: Entire humanity losed the war, and besides the peace, the possibility to live. If it should prove impossible to change the present state of affairs, we shall go to Hell all together, and in a short time too." (His words here are retranslated from European papers.)

Indeed, there are only two things possible: Either some one succeeds to master this sociological crisis correctly, completely and clearly by deep sociological understanding, and thus turns around the present CIRCULUS VITIOSUS into a CIRCULUS BENEVOLENS (and THIS is what the present pamphlet strives for) either in the last end — in a time not exceeding ten years — only those will survive, which live on their own soil, like in Noahs-Arch; that means: Which are able to defend the fruits of their fields against robbery[1]).

There is an immense danger, that conditions will spring into existence everywhere, as they do exist on a sinking ship: You donnot need "revolutionists" on a sinking ship to "propagate the idea" to cut each others throat. In case panics of such sociological character should arise, it will be extremely difficult, may be impossible, to render the *help, which to-day yet is possible.*

For than the possibility to understand common sense might be gone. May nobody undervalue the situation!

The present sociological crisis has been caused by the war, by the human will to destroy. After the peace broke out the main-effects of the war remained, namely a ruin of the national value-units (standards), which sociologicaly are needed, as will be shown in Chapter II, and a one-sided accumulation of gold, which is sociologicaly destructive, as will be shown in Chapter III.

[1]) Confer Mr. Nansens latest report on the starvation in Russia!

— These sociological main-effects of the war remained and established themselves as the causes, which progressively formed puzzling effects in the domains of economics, finances and politics. And when "slowly but steadily the truth became visible", — that something mysteriously and yet distinctly was wrong — most spoke of economical, financial or political crisises. In fact there are great hinderances in the economical, the financial and the political world. But the point is, that they cannot be removed by economical, financial or political means! If they are applied, one does not get the healing effects expected, but quite puzzling effects, sometimes of a distinct contrary nature.

For instance: A state levies taxes in order to restore a clear state-balance-sheet. This state does not get that clear state-balance-sheet, or if it does, the sociological need of the population at the same time is enlarged so enormously, that there is more evil, than good in the entire transaction.

Or: The late London conference came to the conclusion: "The standard of the German Mark must be bettered and stabilized" (for, if this will not be done, the cheaper German merchandises overflow the earth causing everywhere universal unemployement-inspite of all the gold accumulated elsewhere). But the London conference only saw one side of the truth, not the whole truth, and not the systematical truth. Not the whole truth; for if someone betters and stabilizes the German Mark, it will mean: "The winners of the war renounce to power out Germany in order to get a clear financial state-balance-sheet for themselves." How than — one must ask — the winners of the war intend to get that clear state-balance-sheet for themselves???!!!

The systematical truth is, that nearly all national value-units need a revision, not only the Mark, and that the secret to restore clear state-balance-sheets is implied or contained in such a sociological revision, as will be shown later.

We hope to now already have acquainted the reader with the consoling truth, that these economical, financial and political hinderances, which puzzle the world and its best statesmen, are only the external effects visible of a deeper laying cause, which is a, and may be named "the sociological deluge", and that only this one problem of the sociological deluge exists. One might say: The bottom has dropped out of all economics, finances and politics, and first of all new sciences have to restore the possibility to apply them. We may call the science of "Economical Philosophy" the golden bridge, upon which the group of old sciences named and the group of new sciences needed, namely Sociology and the sociological Technicology of money, may meet.

Here we want to give further illustrative proof of the existence of such sociological deluge, which can only be understood

by mental means. We see that the bottom droppes out of everything! Every locomotive-engin, standing idle and becoming "old-iron", every ship without freight, every unemployed, preaches silently but impressively: "The sociological sense of my existence has gone." If it would only be an economical crisis, one might say: „Let things settle by themselves". But here is more, than a passing-by economical crisis, here is a lasting sociological crisis, a distinct CIRCULUS VITIOSUS leading into universal death. We want to explain that still more distinctly: Take for instance "cotton". There is less cotton produced than formerly, and yet, it has to be burnt by the cotton-farmers, during on the other side of the ocean people have no shirts. There does exist as well "offer" as well "demand" in cotton. But the point is a sociological one: Offer and Demand are, by some cause unknown yet, hindered to meet! We would have the same situation, if the ocean would be burning; in such a case a sociological *cause*, namely a destructif action of Nature, would have had economical *effects* on the cotton-trade. It is obvious, that in such a case, we have to stop the sociological cause; and that we donnot, that we cannot, come one step farther, if we exert ourselves in investigating the economical effects. That may be called the "Nucleus of the new truth" (summarized p. 45).

Now we can state, what we want: We want to find out, what is wrong sociologicaly and thus we want to stop the ultimate cause of the present worlds-crisis. Than, and than only, the external effects of the sociological cause will heal by themselves in a time, which we consider not to exceed about 9—12 months, may these effects be in the domain of economics, finances or politics.

During Professor Keynes stated — negatively — that the Versailles treaty is a hinderance to the economics of all concerned, we want to show positively — by which other means — than — the sense of the Versailles treaty, namely to bring back a clear state-balance-sheet to the victorious nations, can be executed. We therefore do not need to call first of all for a "formal revision"; but we first of all want to offer the only "material execution" possible.

During Mr. Vanderlip advocated a European bank, issuing standard money-signs covered with (about) 20% in gold, thus hoping to come from an international standard back to order in every national bookkeeping circle, we want to restandarize every national value-unit, which needs it, and at the rare occasion of such restandarisation, we want to change the national currency-footing according to the necessity to regain a clear state-balance-sheet for every nation. Thus we move from national order to international order, and doubt, wether Mr. Vanderlip financial project is able to arithmeticaly balance out the past in every national bookkeeping circle, and thus to remove the sociological need of the winners of the war, as well as that of the losers.

INTENTIONAL SECOND EXPOSURE

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During the economical and financial conferences up to now tried to get from the external effects to the inner nucleus of the problem, not reaching it (because the time of a few weecks, a conference generaly lasts, was far too short; especially, when the guiding knowledge of the *sociological* character of the problem to be solved, was missing), the present investigation went the other way. Namely from the inner nucleus, (recognizing it in three years of special study, as a sociological affair and as the underlaying cause of all puzzles) to the external effects in the different domains.

It has to be thanked to this different way of moving, that a solution was obtained; and as more, as one investigates the solution of the worlds-problem it seems to be correct, complete and clear, not to say relatively simple.

If we consider furthermore, that the solution, thus found, proves identical with that of Solon and Rome at the end of another worlds-war about two thousand years ago, and that this sociological reform of Solon did help already twice under similar circumstances, the writer is inclined to consider it a moral duty to bring this solution to the knowledge of all statesmen of the world and to send copies to every international conference dealing with the subject.

Thus the present pamphlet will be submitted by the author to all Souverains, Primeministers, Ministers of foreign office, Ministers of finance, Ministers of commerce, Statebank-presidents, Presidents of Parlament of all countries; to the presidents of the chambres of commerce of all greater towns of the world and to their Majors; to all chief-editors of all newpapers of worlds-importance; last not least to all those, which took interest in this special scientific investigation of the worlds crisis. The mailing list is given here in order to enable everyone of the personalities named to communicate with the balance.

The writer requests to kindly acknowledge receipt [1]).

Chapter II.

What is wrong sociologicaly?

There is only one thing wrong sociologicaly, namely the value-unit of nearly every country! This is a sociological affair: Men, as a crowd, need, in order to be able to work (produce) and thus to live (consume) standard-units to measure things with. For instance a standard to measure the light, or the electricity, or the longness of a thing, or its weight, or its bulk etc. and thus, men need too a standard value-unit to measure all goods and services with in every national bookkeeping circle. Philosophicaly viewed, those different standard-means-of-measurement enable us to apply counting based upon figure "one". The more civilisation

[1]) The present address of the writer is: Munich, Bayerischer Hof.

advanced sociologicaly, the more standard-units were required, invented and standarized, and than remained a necessary item of the domain in question. For instance for the electricain Watt, Ohm, Ampere, Volt etc. are standards, without which he could not do his electrical work. Thus too economics, finances and politics cannot be transacted any more in our days without having a standard-value-unit, a standard-money-sign; every national bookkeeping-circle needs it: In our days it is a necessary supposition of all national economics, finances and politics, and thus internationaly.

Now as a main-effect of the war, the national value-unit has losed its character of a "standard" or of a "constant-unit", nearly everywhere. (We shall show later, that the existence of a gold-cover — alone — does not yet constitute a sound currency-system correctly constructed!) The present situation of "standards", which are "no-standards", is a ridiculous, nay a distinctly insane, one! For *all bookkeeping is a multiplication*, namely "counting-figure" multiplied by the "standard" in question! A comparison with the standard for length is very enlightening: If the tailor tells you, that he needs "3 yards" for your suit of clothes, you and the tailor mean a certain standard, which is a constant standard. If you both use a "yard", consisting of a band of rubber, or if the "yard" daily changes in value according to some rules or a tailor-exchange, you never will get that suit of clothes. The "economical" effect of such an insane situation of the standard-unit "yard" evidently and necessarly would be a general disorder in all branches here concerned. The world certainly would call in a conference to re-standarize the yard and would not call in an economical conference of the different branches of trade, which have losed its main-instrument sociologicaly needed to measure with.

The "Meter" was standarized by a conference of physicists and astronoms and not by a conference of drapers and tailors, which use it.

Thus, what has to be done in our case, is to restandarize every national value-unit, which needs it. What kind of a conference however shall deceide, which of the national value-units need restandarizing and how it has to be done? We hope to convince the reader that the following answer is correct: If the financiers and the economists would be the right group of scientists to do the restandarizing, it would be the best to call in a conference of the State-bank-presidents of the world, and invite thereto too all private financiers of importance. (The writer himself has advocated such an international state-bank-conference about 1½ year ago.) But the point is, that just the "other face" of double-faced money and gold has come to an entire disorder as a consequence of the war!

The state-banks have to deal with the bodily money-traffic. With money and gold as a concrete good of the individual! With the economical and financial meaning of money and gold!

But, that, what is needed to do that restandarizing, is just the reverse: To find out the intellectual, the mental, demands, which are implied in or given with the idea of "money and gold"! To look upon money and gold as abstracte means of measurement in every national bookkeeping-circle, and thus internationaly! It is the *sociological* — (*not* the financial) — side of money and gold — in short —, which is wrong!

Thus one might say: Just as well, as a sociologist could not do the financial work of personalities, like Morgan, Vanderlip, Loucheur, Rathenau, Warburg etc., just as well the work of the sociologist, which is necessary in the interest of all humanity, cannot be supplied by financiers.

Summing up — we have seen in Chapter I., that we have a sociological crisis and only one cause for all the puzzling effects in the domains of economics, finances and politics; in Chapter II.: What is wrong sociologicaly, namely only one thing, the abstracte, — the intellectual, the sociological, — side of money and gold and that the world has not yet tried those technicologists, which are the right technicologists in a sociological crisis. In Chapter III. we have to show than, what is wrong with money and gold, as an abstracte, as a sociological, means of measurement. Guiding over to this chapter, we therefore have to beg the reader to entirely forget — for a while —, that money and gold are "valuable" for the individual: If we apply a rule, we think of its quality, to be an abstracte measurement of the sociological community, and we forget than too — for a while — that that rule — at the same time — is a concrete constituent of our property, because we have bought it for some 2 Shilling 6 Pence (or some 50 cents Americain currency). Thus let us look upon money and gold as abstracte means of measurement, as standards, sociologicaly needed.

Chapter III.

The technicology of money.

The sharp logic of the Roman law has developed all essential points, claims or demands, any certain contract-for instance "buying and selling"-has to have. Thus the Roman law has given to all nations and to all times to come standard-law-models. Comparably thereto, we here have to develop a normal model of a money-sign, a standard-model for currency-systems. Three demands are implied in, or given with, the sociological idea "MONEY":

1. Currency (base and footing), 2. Cover (single or plural) and 3. Braking-system (mental constructions working automaticaly and smoothly against an overissue, as well as an underissue of the money-signs, the money-traffic needs).

We shall explain these three demands further on; here we firstly want to state, that most of the faults, to-day existing in the national currency-systems, are due to the fact, that the necessary attention was not payed (or could not be payed) to the third demand "Braking-system"; secondly we want to call special attention to the *importance, to have such a general standard-model for currency-systems.* If we have it, we just have to hold it against any of the national currency-systems, as they are to-day, and we than *can read off the faults, if such exist*!!!

For the sociologist there are no such things as "victorious", "vanquished" and "neutral" nations, but only states (national bookkeeping-circles), which need sociological help in their currency-systems in different degrees. We recognize three degrees:

I. Only some mental improvements, or even corrections, have to be made. (In most cases of that class the demand "Braking-system" will play an important part; in some cases the "Covering-system" will need an overhowling too.)

II. A restandarizing of the national value-unit is necessary. The common case of this group obviously is: "The value-unit has become entirely standardless (or nominalistic)." Another case is: "The value-unit has remained equal to a certain amount of gold-grammes, but no sufficient braking-system does exist, or it could not be kept up." If in such a case the financial pressure or the universal unemployement or both have become enormous, a restandarizing may prove necessary. Such restandarizing than is a change from one currency-footing to another one without firstly passing a time completly standardless. This case may look like a state-bankrupcy; but it is no state-bankrupcy! For here too a "standard" is wanting; a currency-system without braking-system cannot produce a standard, holding good in times of sociological disturbance!

A State-bankrupcy only is possible, if we have a passivity AND a standard, correctly constructed, to measure that passivity with!

In all of the cases of our times however the point is a reverse one: Namely to regain a national standard, to arithmeticaly FIND OUT THE true national currency-footing!

This pamphlet deals with a gauging-problem, which distinctly is a sociological affair! With the causing, construction, creation of a gauging-measurement (namely the national value unit), which is the logical supposition for all national economics, finances and politics and thus internationaly!

We here furthermore want to name the case, where "a bettering of the currency-footing may come into consideration".

Finaly we want to already here mention the fact: "The consequence of a lowering of the national currency-footing is the return of a clear state-balance-sheet, without any "taxes", or

"payements of the losers" of the war! We shall show that, what we might call "the sociological bookkeepers-trick of Solon", in the next chapter.

III. Some kind of a sociological currency-help of other states is necessary. That means: Every state must have a certain amount of weight-units of the currency-basis gold in order a) to be able to base its new currency upon gold-weight-units, b) to be able to follow smoothly the fluctuations of export and import. This is the "gold-technical-minimum" and we have to show, how it can be caused everywhere, without that any individual, may it be a subject of the gold-giving or the gold-taking state, loses one farthing worth of values! Such a sociological currency-help to restore the gold-technical-minimum everywhere — only — can remove the sociological worlds-crisis internationaly — though it may be without precedence in History — and bring all national economics back to full speed. Especially it will remove the self-destructive effects of a one-sided accumulation of gold, and the immense danger of further worlds-wars as a consequence of state-indebtnesses, or of the want of gold, or even — just as a consequence of the universal unemployement!!! — — —

Thus we can state right here: The question, what is wrong sociologicaly with money and gold, has to be answered differently in every national bookkeeping circle; id est in every individual or independent currency-system existing. *What we however can give here, are the guiding rules,* which have to be considered in any of the cases, which will come to inspection, may the case range in class I, II or III; it is obvious, that some cases will range in several classes, for instance "correction of the currency-system plus restandarizing (lowering of the currency-footing for financial purposes)" is necessary; or "restandarizing plus restoration of the gold-technical-minimum" is necessary.

Thus we give, and are giving the executive plan to Mr. Hardings idea of a worlds-clearing. His idea is a sociological one; for he just wants to use new and other ways, than the financial and economical ways, which were at the disposition of Versailles. His idea cannot be executed in the way, the New-York or London banks daily settle their clearing in a clearing-house.

Even in case the war-loan-titles would be in the bodily possession of the different gouvernements, and not — as they are — in the possession of individuals, a clearing in the known sense of the word, would be an impossibility; for there does not exist a constant standard to compare internationaly the national money-units with! Do you want to take — for instance — the dollar of Americain war-loan at 79 or at 340 Berlin quotation?!

The *national* money-units firstly have to be brought back nto order; in doing this — what we are showing in this pamphlet — we *find too the new clearing methods, a worlds-clearing needs!* Without such clearing a "remission of debts" will not come to the points sociologicaly aimed at. And a restoration of the "gold-technical minimum everywhere" is still more urgently needed, than a remission of debts, — as will become evident.

At the same time we give the executive plan to Mr. Lloyd Georges idea, to reconstruct the economical powers of Europe, viz, "to make them work again"! For this is just the same problem, namely the *sociological* problem, to explain and to remove the present worlds-crisis. One might even say we give at the same time the executive plan to Mr. Lenins desire, to bring the best social prosperity to the labouring classes. In fact it is always the same, the *one* problem, and always the same, the *one* solution; and every one, in our opinion, who ever will try to bring a solution, will come back to the problem, we here are dealing with in this chapter on sociological technicology of money: "First of all create, by logical power, a standard-model of a currency-system!"

Especially it is obvious, that this problem (which we may call the sailing-mark in our ocean of troubles) will *remain,* in case some of the gold-bricks, one-sidedly accumulated, would change hands as a consequence of wars, robbery, dumping, delivery of amunition, throwing away gold-coins in countries of low valuta etc. etc.

We stated, that three demands are implied in or given with the idea "money". A normal-model of a currency-system has to have 1. currency, 2. cover and 3. braking-system.

1. *Currency.* Every currency-system needs first of all a basis! Mr. Vissering therefore asked at the Bruxelles-conference first of all "What kind of a basis the nations want to agree upon"? Gold is the best basis, the world has, and it will be shown later on, that it can be made still a more ideal basis, than ever it was before [1]). Money furthermore needs a currency-footing; that means the (national) money-unit must be equal to a certain amount of weight-units of that currency-basis. For the sociologist it does not cut much figure, wether the constant amount of weight-units, which does form the national standard-money-unit, is large or small. The greatest difference between national currency-footings formerly was — as far as the writer knows — the difference between Piaster and Dollar; it was about 1 : 21. We just mention that, in order to show, that a difference between the national currency-footings is — as a rule — not of vital importance: Turkey as well as the U. S. of America could live! For the national bookkeeper (the sociological financier!) however, who wants to get back a clear state-balance-sheet after a desastrous war, the question is all-important, how large or how small he has to *form* the national cur-

[1]) page 41.

rency-footing at the rare occasion of a restandarizing! We shall see in Chapter IV that the question: "How large do I have to *form* the national currency-footing?" is the *first* question, when we put — the writer hopes: *All together* — this executive plan into praxis, and that the answer depends of the arithmetical status of the national state-balance-sheet.

2. *Cover*. Sense and meaning of cover are known: As far as the national bookkeeping-circle does not have enough of the currency-basis-material to issue coins, money-*signs* are issued, (best: by a *central*-institution), which need cover. But, what we want to state here, is the *sociological* meaning of cover, may it be "full" cover (by the currency-basis-material; for instance the "yellow-backs") mixed cover or united cover, single cover or plural cover. The sociological meaning of cover is "To put the money-sign under a mutual insurance of all concerned"; namely "to value that piece of paper, or that "chip" equal to so many weight-units of the currency-basis-material, as it represents". We donot state here something new; this has always been the case! With money-signs as well as with chips, which are a good illustration of a money-*sign*. — Just the sociological view — instead of the financial view — is new. Whereas the "gold-cover of the world, everybody is pulling at, is far too short" (Bismarck) the demand "cover" has been raised to higher practical importance by the war, than it was the case ever before. The human will to destroy went a quicker pace, than the possibility to obtain gold by chemical and mining methods. And whereas we have learned by experience, that single cover, (for instance $^2/_3$ by state-credit, $^1/_3$ in gold — former German cover-system) is not of sufficient safety in cases of emergency, *the future doubtless belongs to "systems of plural covers"*! Without giving here the list of all covers possible (from the best quality: currency-material to the worst: Order of the state; compulsory-money) *we here advocate the following system of plural covers as a system of sufficient strenght* (in case the necessary braking-systems will be added!!! — see page 18: Braking-system) *and of practical convenience:*

a) Account existing. It represents — decentralized — the national work (labour) performed. The labour performed springs into existence (from the bookkeepers standpoint) *only*, when such enterance in the books is made. It is — to state it correctly — a "Journal" — entry: Debit merchandises, Credit the working-man. It is a distinct sociological cover, that everybody knows: Only the man, which performes labour, receives state-money-signs.

b) "Standing-good-for" of all the national banks, cashes and savings-banks with their respective properties: "To value the money-sign equal to the amount of weight-units of the currency-material, it represents." (Partnership-association in regard to this point, Limited — Meaning: Everybody only to stand good for his own word.)

c) Promissory engagement of the Community to its subjects. The banks, which want to obtain those money-signs, have to deliver state-drafts of the same value in gold-weight-units. (We shall show in Chapter V: "tactical execution", how the calculation will be made.)

d) To this three sociological covers of an *abstracte* character, one can add as many covers, of *concrete* character, as one wants. For instance state-mortgages in the first place upon all pieces of ground, upon all places, where mineral-deposits are hauled; even holding companies of furniture, rolling-railroad-stock-mortgages etc. may be constructed etc. etc.

There cannot be doubted, that every national bookkeeping-circle has plenty of values or assets, just to cover the gold-weight-units needed (but not in its possession) in order to first of all create again the logical basis of all national economics, finances and politics, a standard-value-unit!!! We consider — however — the three abstracte covers named, sufficient and of a strength unheard of in the history of money-signs.

Thus, it seems to us to be of logical necessity, that the future will know three forms of national Money-signs:

a) The state-bank-gold-certificate: „As contra-value of this note of 100 Marks (Dollars, Rubels, Shillings etc.) there have been deposited a (b, c, d etc.) grammes of gold by the Reichsbank (the U. S. Treasury, the national-Bank of Sowjet-Russia, the Bank of England etc.)"

(Date etc.) (Signatures.)

b) Money-signs, by which the absent gold-cover is supplied by a system of *plural* covers (*Here* we could make use of Mr. Vanderlips idea, to put the united credit of *foreign* states as one of the plural covers behind the money-signs of any certain bank or banks): „As contra-value of this note of 100 Marks (Dollars, Rubels, Shillings etc.) the absent gold-cover of a (b, c, d etc.) grammes of gold, has been supplied by a system of plural covers (name them! or "as published by the Gouvernement" or "according to the law of ..... (date)") and the necessary documents have been deposited by the Reichsbank (the U. S. Treasury, the national Bank of Sowjet-Russia, the Bank of England etc.)"

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c) Coins; either nominalistic, either metalistic. Metalistic coins only are possible, if the value-unit has a certain and constant currency-footing; otherweise the point soon will be

INTENTIONAL SECOND EXPOSURE

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reached, at which the metalic value will be higher, than the buying-power of the amount of value-units, the coin represents; at this point the metalic coin disappears from the trafic; the metal is used for other purposes. — Nominalistic coins on the other hand only are endurable, if they only form a small portion of the entire amount of money-signs, which have a certain and constant currency-footing, a cover which under all and every circumstances is sufficient, and braking-systems working smoothly and automaticaly with absolute exactness.

3. *Braking-system.* A distinct *sociological* demand. The oldest currencies counting by pieces of cattle or kauri-shells did not know it yet; the extreme nominalism (trying to prove us, that the French assignates, of unhappy memory, are the newest developement of modern science) does not know it any more. Every currency-system of sociologicaly higher development does know this demand; but evidently its sociological character was not fully perceived up to now. There is a "saturating-point of the money-traffic", over which money-signs (gold-coins too!!!) cannot be issued, without that money loses its sociological sense.

Nearly the same is true in regard to the "one-sided accumulation of gold"; there is a point, where it becomes senseless, nay destructive for the accumulator! It takes some sociological or philosophical understanding to appreciate that; but, whereas the hard facts have already stated and set forth, what we here just have to explain, we feel sure, that the reader will not call our statements "wild theory" but "practical help".

Money and gold are double-faced! In the financial endeavour of every individual and of every state to obtain as much of it in concreto as possible ("to get rich"), the world has forgotten the sociological wisdom, that money and gold — first of all — are and must be constant, abstracte means of measurement!

The gold-bars are comparable to the marble-stones of the boys. As long as every boy has its pile, the game can go on. But if one of the boys gets all marbles — he cannot play any longer, for he has ne more partners; and the others cannot play any longer, for they have no more marbles. Marbles are only good to play with, and not to accumulate them. Gold-bars are only good to be shipped from one country to the other and back, in order to make economics, organisation, work, bettering of the life-conditions of all membres of the sociological communities etc. possible. We spoke already of the "gold-technical-minimum" every country has to have, and we have shown above under cover, how the accumulators of gold can extract the gold from their national traffic, and accumulate some of it (as far as necessary) in their treasuries! All they have to do is to exchange the money-signs covered in

gold or a part of the goldcoins, at present in the national traffic, against money-signs, by which the absent goldcover is supplied by a system of plural covers. This is the solution of the problem "to stretch the gold-cover of the world far too short, everybody is pulling at"; it is obvious, that the private population of the countries suffering from the one-sided accumulation of gold, does not lose hereby one farthing worth of values! More than that! This proceeding, to *enable* the gold-accumulating countries to get rid of it again as far as it is necessary to restore everywhere in the world that "gold-technical-minimum" needed, is of the outmost highest benefit to the populations of those countries, which now suffer from having accumulated too much gold. Let us remember, what the situation is at present. The one-sided accumulation of gold has made, for instance the dollar, so expensive, that nearly nobody (in Southafrica, India, Germany etc. no matter if winning, losing or neutral nations) can buy by dollars! That however means: The U. S. of America can close their export factories for good. Unemployement becomes greater there every day. The cotton-farmers have to burn their cotton; nobody can buy it, so badly cotton is needed.

Here — already — we clearly can see, that the present pamphlet *is* able to turn around that sociological CIRCULUS VITIOSUS and that by following the advices here given, the population of the U. S. of America will be enabled again — — — to live, a life of prosperity, freedom, and — sociologicaly still higher progressing — civilisation.

Now — on the other hand — we have to restore that possibility to live too in the countries, which to-day are poor in gold and rich in paper. *But we cannot advice any of the countries, to-day rich in gold, to just send over some gold!* They would throw it in a cask without bottom! If the countries, having accumulated too much gold, should follow the advice, to use a small part of it to restore everywhere the "gold-technical-minimum" in order to again bring the economics of the entire world — including their own economics — back to full speed, they can and they must demand, that a standard-currency will be first of all established in these goldless countries [1]).

Thus — we come back to the starting point, to the demand: "Braking-system", as an essential part of every currency-system correctly constructed, and we will understand its *outmost highest importance!* We will understand furthermore, that from the standpoint of sociological Technicology of money HERE in most cases is laying the fault, which under the force of historical events has been made, and that want of clearness just in regard to this demand

[1]) Thus we inserted here the sociological sense of gold. Confer Robinson with his big gold-lump on his lonely island.

has caused — too — nearly all failures to bring any of the national bookkeeping-systems back into order. A currency-system having only certain and constant currency-footing and sufficient cover (may be pure gold-cover) is not yet a currency-system correctly, clearly and completely constructed!

The braking-system has to hold the amount of money-signs, to be issued, between two extremes and thus to keep up the "Satiety of the traffic" in the right manner. The "Satiety of the traffic"! Satieted with what??? With the *abstracte*, the *sociological* standard — value — units, in order that men can run after money as a *concrete* good of the *individual!* That they can honestly work (produce) and thus live (consume)[1]).

The one extreme is an underissue; if such does happen (may it be a general want of money-signs, or a special want in some of the usual denominations) all kind of emergency-currency will spring into existence.

The other extreme is an overissue; its consequence is more serious, for *this means an overthrowing of the standard!* We have to explain that. The sociological sense of money is to measure all goods and services; as long as a certain and a constant standard exists, we are enabled to register the value of any certain article, as the economical law of "offer" and "demand" forms it in the course of time. We have a continous "*line of price-forming*". If however the standard itself, which shall do the measuring, becomes changeable, — and such change evidently takes place in case of an overissue of money-signs, — we have no more our good old economical guide, the "line of price-forming", but we than have something else. The "line of price-forming" has *split into two*; the one follows furtheron the economical law of offer and demand, — we may call it the "*line of dearness*" — the other follows the arithmetical law, that the buying power of any money-sign (gold-coins too!) is deteriorated, as more as money-signs are pumped into the traffic; or with other words: The more as the overissue over the "point of satiety" increases; (we here may speak of a "*line of deterioration*"). Externaly viewed, we are inclined to believe, that we still have our good old "line of price-forming"; for the price of every article is expressed in one figure (only); but this figure is no more the outcome of a "measuring by a standard", but is the hazardous result of the two new lines, in which the old line has split. Here it may be sufficient to say: "Wherever a clear distinction can be made between an "old" money-sign (for instance: the gold-Mark) and a "new" one (for instance: the paper-Mark) a restandardizing is an absolute and urguent necessity; for the sociological CIRCULUS VITIOSUS will drive these two lines to

[1]) The satiety of the traffic fluctuates; but it is just the problem to keep it in boundaries!

further divergence into infinity"; as was *visible* in Russia! Every one will understand now too, why prices had to advance for instance in America, inspite of the fact that every dollar issued had its right cover in gold-weight-units. Now the advancing of prices as a consequence of money-deterioration, is a very serious thing, sociologicaly. For the deterioration of money drives everybody out of all kind of markets, in which he used to appear as buyer. Thus the demand for nearly every article, human industry produces, is diminuished accordingly and that means: "A certain amount of working-men lose their employement." They must live however! The Gouvernement has to give them some money, which cannot be taken in again by taxes, but which has to be created by further misuse of the note-printing-mashinery. This however brings further deterioration of money, and thus further want of buyers in all kind of markets, and a still greater amount of unemployed. And so on, and so on. This is the distinct sociological "CIRCULUS VITIOSUS", we spoke of in several places[1]).

Now — we clearly can see, that we have to be on our guard, *never to issue too many money-signs;* better an underissue, than an overissue; for an underissue does not deteriorate the standard, and the community can easily help itself by some giral methods or others. Here we just want to say only one word about the importance of all giral methods: "All giral-transactions only have *one* sociological meaning: To keep up the national value-unit as the standard, equal to a certain and constant amount of gold-weight-units (weight-units of the currency-basis), *independent* of the amount of gold-weight-units (weight-units of the currency-basis) the national treasury or state-bank has in its bodily possession!" And we want to add the question: "What is the difference between a rich and an inflationated country?" Answer: The difference lays only in the *correct construction of the bodily money-sign*, which runs-comparable to the shuttle of a weavers loom-among the book-accounts!

We here advocate the following braking-system (being a *plural* system like the cover-system we advocated) *as a system of sufficient strength, as convenient, as it can be made, running smoothly and automaticaly:*

1. To ration all banks, cashes and savings-banks, which shall educate the public to make greater use of giral-methods. (In order that the banks, cashes and savings-banks as well as the public can help themselves, we advice the issue of certified checks over fixed denominations, circulating as checks do in Germany about 10 Days, packed in bundles. In case the circulating time is not kept in, tax those checks with a high percentage of their value! A flood of private money-signs would be dangerous!)

[1]) It obviously consists in a progressive lowering of the intensity of "will to produce" in exchange with "power to consume".

2. Progressive taxes on money-signs, in case any of the banks, cashes and savings-banks wants more, than its ration. (Revivement — in *decentralized* form — of the good and effectif braking-system of the old German currency-system). In case they need less, a small premium, not progressive.

3. *Epochial limitation of the state-money-signs!* For instance: Yearly money. Issue from October 1st of the foregoing year; redemption, rechange over into book-money at any bank, cash, savings-bank, until Avril 1st of the next year.

By such means—only—external order can be brought back into the amount of money-signs, may the money-signs be equal to a certain amount of gold-weight-units, or may they be entirely standardless in some other country. Especialy the private piling-up of money-signs, may it be foreign or domestic, may it be farmers-cleverness or financiers-smartness (Vide: Panic of 1907) — will be stopped. For the money-signs, *the abstracte instruments of the State*, will be paid in again upon book-accounts, which are rationed again.

Thus — we may summ up this technical chapter: *The main thing is* — nationaly viewed — *that a constant national value-unit will be reestablished, and that the amount of money-signs issued comes back under braking-systems of modern forms, sociologicaly needed.* — *The main thing is* — internationaly viewed — *that the gold-technical-minimum will be restored everywhere, not the least to the benefit of the countries, which are suffering from their one-sided gold-accumulation!*

Now — we have two general classes of money: 1) the national money-signs (of which we recognized three forms), 2) the book-accounts. *Both* classes of money need sociological braking-systems! In regard to the national money-signs we have shown them. The sociological braking-system of the book-accounts (the „cover" of which is the "standing of the bank in question") consists in the fact, that people of sense donnot keep a larger bank-account, than necessary: "Money has to work again." Furthermore the yearly national taxes form an ordinary sociological braking system against a too high increase of the book-accounts. During taxes of inheritance are able to form an extraordinary braking-system besides. (From a social standpoint these taxes to be levied from the dead, not disturbing too much the creative power of the living, especialy are able to *accumulate capital in the interest of the community, without destroying the capital!* The raising of able successors in the management of family-enterprises however should not be hindered.)

We clearly can see, that in case the common sense of a country should be lowered (by some reason or other) and in case in consequence thereof everybody would pile up book-accounts, instead of making money work again, — all kinds of economical effects of a sociological crisis can be caused. History often has shown,

that richness is liable to produce idleness and thus to become a curse to a nation.

But it has to be stated, that we donnot have *such kind* of inflationation of book-accounts in our days!!! All inflationation of book-accounts existing in our days is due to the senseless situation of the national money-standards, mainly to the want of good and sufficient braking-systems of the national money-signs! Thus the inflationation of book-accounts will disappear again with the sociological reorganisation of the national currency-systems!

We may call the money-signs instruments of the state, the book-accounts instruments of the individuals.

The concrete (the money-signs) is the abstracte; the abstracte (the book-accounts) is the concrete! This is the philosophical solution of one of the mysteries of money and gold. — It always did sound bad-style, if someone spoke of "his" good money; for it isnt "his"; its only a state-instrument lent to him, *sociologicaly* viewed. During everybody may speak of "his" account; for indeed it is "his", it represents his concrete money-power.

This technical outcome of a three years special scientific investigation tries to show the whole truth, the "systematical" truth. Comparing this outcome with that of the latest London conference: "The standard of the German Mark has to be bettered and stabilized" the statement seems to be permissible: The London-conference saw some truth, but was a long way of yet from recognizing the whole truth and the systematical connections of the details. The writer begs to add this, because he threw out, all he know, with full hands into the world for the benefit of mankind, during the investigation went on; though of course it does not cut any figure for humanity, *who* found the redeeming solution, such altruistic proceeding is not entirely without danger in regard to the question of authorship.

After having stated the truth from the standpoint of the sociologist, and the "sociological technicologist of money", we shall show in the next chapter the truth, from the standpoint of a (sociological) financier.

Chapter IV.

The strategical solution.

The financial problem, how to get rid of the war-loans, especially has caused much puzzle. This problem especially is known under the name "repartition-problem". In Spaa delivery of coal was thought to help. Than came a time, when printing of gold-bonds seemed an improvement. The latest London conference tried the other way, renouncing to power out or enslave the varnquished for the financial purposes of the winners of the war.

The sociological financier has to state, with plain words, that all means, tried up to now, are wrong; so wrong, that one clearly can see, that nobody yet-with the exception of Mr. Harding, as far as the writer knows-had a clear idea, where the land of truth is laying. In the universal sociological breackdown, in which the worlds-war ended, the winners can not help the losers, and the losers can not help the winners. Especially the idea, to enslave the vainquished in some form or other is impossible! For the following sociological reason: Proportionaly to the degree of enslaving the vanquished nations, their consuming-power is lowered for French factory-products, English colonial products, Americain cotton, wheat, tobacco etc. Proportionaly therefore to the degree of enslaving of the vanquished, France has to REDUCE its factories, England its colonial plantations, America its cotton, wheat, tobacco-fields etc.! That means: France, England, America have to lower their own standard of living proportionaly to the enslaving of the vanquished! "But Rome did burn Karthago, and became prosperous", someone will say. Answer: The burning of Karthago[1]) certainly did not help the Roman state-balance-sheet! The prosperity, which took place in all parts of the wide Roman empire after that other worlds-war about two thousand years ago, took place IN SPITE of the burning of Karthago, and only by the following means, which we advocate to use after the worlds-war of our days too. *For there does not exist any other means* (at least as far as common sense is concerned)! — Rome *could* burn Karthago because the worlds-clearing of that time 2000 years ago had only to deal with the *one* Roman empire!!! But in our days, when we have to apply the worlds-clearing methods of those times in about 30 cases, things are different in this one point and only in this one point! The truth is (one may call it the "political truth") that a strong consuming-power of Middle-Europe is a sociological life-necessity for the victorious states! That this sociological end can be *combined* with the political-military end, to have a Middle-Europe of low military qualities, and that the words "Il y a trente millions de trop" cannot be subscribed by economical philosophy!

Finaly that commercial dilemmas, like that between Germany and England are solveable. We whall show its solution later.

Here we have to explain especially the "sociological book-keepers-trick of Solon", which will bring back a clear state-balance-sheet to all states, which will apply it. *And those states, which donot apply it, though they need it, just will damage themselves!*

Solon has used that sociological reform in Athen, to give back a possibility to live to his countrymen, especially of the poor class. It did help splendidly. Rome at the end of the Punic wars used Solons method, to bring its finances back into order *and thus layed*

[1]) A destruction of values!

the foundation-stone to a prosperity unheared of before. At the *occasion*, the Roman value-unit was restandardized after the war, it was lowered; from 24 copper-weight-units to 1. The effect of such sociological devaluation is: *The restoration of a clear state-balance-sheet without domestic taxes or payements of the vainquished.* We have to explain that. Let us form a state-balance-sheet for any country, for instance for Germany. Germany has Activa, for instance: State-Railroads. If their value has been a Milliards of old "Mark", equal to 0,3584 grammes of gold each, Germany had, in its State-railroads, an equivalent for a gold-pile, weighting in grammes: a Milliardes multiplied with 0,3584. If we lower the standard of the German Mark, if we make it for instance 0,1, we shall have to put down in our state-balance-sheet of Germany under

Activa

3,584 . a milliards of new Marks (0,1 each)
of State-Railroads.

This is entirely the same, as:

a milliards of old Marks (0,3584 each)
of State Railroads.

Now we look at the "Passiva". Here we take for instance the German war-loans, of which there exist about 100 Milliards of Mark (of the old standard 0,3584 grammes of gold each). Lowering the standard of the Mark — we repeat: just for an instance! — to 0,1, we should have to write:

Passiva

358,4 Milliards of new Marks (0,1 each)
of domestic war-loans.

But we *donnot* write that!!! We write:

100 Milliards of new Marks (0,1 each)
of domestic war-loans.

We thus treat the Passiva-side differently than the Activa-side. Can we do that? Certainly! For the buying-power of one Mark of domestic war-loans *is already* devaluated to a still more higher degree, than the figure 0,1, which we took just for an instance, to illustrate the "law of devaluation", firstly applied by Solon. Now — *that* currency-footing, which brings again back balance in the national state-balance-sheet *IS* the new national currency-footing!!! There remains however moving-space enough to choose it in *one* decimal figure. *We advocate that all states might use the same weight-unit! The best seems to be the "gramm".*

The present way to proceed contains the solution of the repartition problem: "Repartition begins at home". That does not mean, that the victorious nations shall "pay", their war-loans

themselves. Nobody is going to "pay" anything!!! Nobody can pay anything! The financial problem of the world cannot be solved by any financial methods; but only by sociological methods, by sociological understanding! In the changing of the sociological value-standard of each nation the solution of the financial problem is contained! The outcome of the war HAS BEEN an universal lowering of the currency-footings! *An universal devaluation, not universal state-bank-rupcy!* We say: HAS BEEN! The fact does already exist; all, what we can do, and all, what we have to do, is to do the adjusting, the gauging!!! After we shall have done that, we still clearer can see the outcome of the war: It consists in a relative change of the national currency-footings and will express itself — in every travellerscheck, payable in the currencies of the different countries! Such travellerschecks than will be issuable again, because than the "valutas" will be stabilized again, and just show again the slight changes, due to the changes of export to import. For the rest we want to say: *A Valuta-"Problem" . . . does not exist!* For the present situation of the valutas, with its daily changes, is thoroughly the logical result of the insane situation, the national standards are in! *And if we remove the cause, the present puzzling effects will vanish by themselves! All of them!!* The unemployment, the social need of the individual, the political hatred among the nations, of which one accuses the other to be guilty of the desastre, the ghostly state-debts, the puzzling hinderances of all economics, shortly LIFE once more will have vanquished DEATH!!! The Death which menaces the entire world, and which did already seize Russia.

And times of economical prosperity, unheared of before, will spring out of the present desastre like a wild-fire![1]) If only the solution given is worked out in every national case as correctly, clearly and completely, as it can be done. No half measures! As Mr. Vanderlip proposed, if we — now — may say so.

Just one point seems left here, to be mentioned: The settling of the entire worlds problem in a bookkeepers-way, (and-only-by bookkeeping means) puts aside too the fault, which is contained in nearly all bookkeeping. We mean the evident incorrectness, that — for instance in Germany — all bookkeeping did put the old Mark, worth 0,3584 grammes of gold (the Kilometer), the Mark of about 1918, worth about 0,1 (the Meter), and the Mark of our days, worth . . . well: Let somebody else guess (the Centimeter) all one under the other as "Marks" (Meters). (Mistaking "figures of an inventary" for "figures of a cash-book".)

The same fault has been made, in our opinion, too in those countries, where the national value-unit remained a constant

[1]) After the restoration of order, the book-accounts are enabled again to furnish, everywhere all economical "Credits" wanted!

equal to a certain amount of gold-grammes; here the want of the necessary braking-systems changed the buying power of the national-value-unit.

In the U. S. of Amerika — for an instance — the Dollar of the buying-power of the time of peace formed the "Centimeter" (speaking in the same comparison as above); the Dollar of the buying-power of the middle times, say of 1918, the "Meter"; and the Dollar of the present buying-power the "Kilometer".

We just want to mention that, in order to impress once more the reader of the outmost high importance of braking-systems.

The necessity of braking-systems, which we hope to fully have proven sociologicaly, can be proven too by economical, financial and political considerations! *Economicaly* for instance: "The amount of money buys the amount of merchandises" and consequently the amount of money has to stand under braking-systems, in order that the buying power of the money-unit in regard to any of the goods remains as equal as possible and only is changed by the *other* economical law of "offer and demand". If this is the case, the field is open for the "business-man", who by improved intellectual or organic methods can, like a wizard, lower the price of the offer, and thus increase the demand!

The business-man is the "Capitain of industry" in that sociological army, to improve social life-conditions for all, the strategical head of which is the sociological statesman. Statesmen first of all have to be wise; businessmen first of all clever and smart! Statesmen first of all far-seeing; businessmen first of all sharp-eyed to quickly recognize economical possibilities. . . . Businessmen may range superior to statesmen, in case the qualities of both are contained in the same personality (John D. Rockefeller).

On the other hand Lao-tse said, that "cleverness and smartness *in-stead* of wisdom necessarely are the ruin of every land". And this is true!

Many — in all countries — believe, that the statesmen or the Haute-Finance know the solution of the worlds-problem, but that they donnot want to give it out, or that the Jewish membres of the Haute-Finance hinder the statesmen to apply it, or that similar things "behind the theatre" are wrong.

We cannot indorse these views. For we know, that it took three years of special study combined with best-class scientific outfit[1]), with worlds-wide practical experiences and with a natural inclination for difficult combinatory-problems, to be able to discover the land of truth, as we have set it forth in this pamphlet.

Such *special* mental, work, comparable to a discoverers expedition, was necessary. We believe, that the systematical truth

[1]) We beg to render here thanks to the universities of Oxford, Berlin, Bonn and Columbia (N.Y.).

is set forth here for the first time in an all convincing manner. Though the proceeding issues on the subject by the writer contained already the complete truth, which everybody could extract, the present English-Americain edition may be logicaly still better arranged. —

Wheras however there are different opinions in all classes, not only among the membres of the Haute-Finance, we beg to remember here, that there was a difference of opinion too between Moses and the dancers around the golden calf (which in our days is supplied by the paper-valuta). And that Moses was the leader (obviously having the qualities of leadership) and not the dancers!

We may furthermore think of the fact, that there was a difference between the wisdom of Salomon, and the cleverness of Salome.

Chapter V.

The tactical execution.

The entire worlds-clearing is a realtively simple affair. Internationaly viewed it consists in pushing off some — few — gold-bricks, which have proved to be destructive to their owners; nationaly viewed it consists in a simple change of multiplication factors.

"Know what you have to do, and than do it!" We hope, that in the foregoing chapters we modestly helped the world to the "knowledge, what has to be done", in this chapter we seek to help the world "to do it".

Internationaly — the owners of too much gold can just give away a few gold-bricks as a "sociological-currency-help" under the condition, that the gold-bricks will serve that sociological purpose, on the side of the taker, which is to the benefit of the giver! We donnot want here to advocate details, but we do want to call — again — the attention to the fact, that such a "*gold-shipping by sociological reasons*" may be something new.

It is not even necessary, that all the countries, may they be rich in gold of poor, which want to do their share of the worlds-clearing needed, form a "resolution"; but it can be done. Its contents would be: "We oblige ourselves to revise our national currency-system, and at that occasion to lower (change) the currency-footing of our national value-unit as far as it is necessary to obtain again a clear state-balance-sheet (putting our national value-unit equal to a weight-unit of *gold-grammes*, expressed by *one* decimal figure). We oblige ourselves furthermore, to give the gold, which (by executing the obligation set above) can be extracted from our national traffic and contracted in our national treasury to a free

and gratuitous redistribution; *this however only so far*, that in every of our countries the "gold-technical-minimum" is reached again, namely that each of our countries can base again its currency-system upon gold-grammes, and that it smoothly can follow the fluctuations caused by the relative changes of export and import."

Nationaly viewed — we repeat, that three degrees of sociological currency-help ere distinguishable:

1) national currency-help, characterized by improving the currency-system existing, (without changing of the currency-footing) according to the normal-model of a currency-system, developed in this pamphlet,
2) national currency-help, characterized by a change of the currency-footing according to the arithmetical demands to obtain again a clear state-balance-sheet (the expenses, to guide the unemployeds back into employment are to be included),
3) national currency-help, characterized by a gratuitous cession of goldbars as a — new — sociological currency-help of other states, rich in gold, and *furthermore characterized by the — new — sociological fact, that such gratuitous cession is to the benefit of the giver!*

According to the guiding rules, developed in this pamphlet, every state can do its share of the worlds-clearing itself. The author just begs to call attention to the fact, that he has reserved himself all rights, especially the right to apply. As the demands of a currency-system, namely 1. currency, 2. cover, 3. braking-system, can be fulfilled with a great amount of variations, so the situation of the different national currency-systems and the state of the national state-balance-sheets will show many varieties, and different tactical ways of execution are possible in the different cases, which might come to inspection. We could not deal in this pamphlet with all cases, even if all the states would have given us the statistical material needed to do it. We just can give here some hints. For instance: In cases, where money has become entirely standardless, (for instance in Germany) the best thing seems to be to guide over the stream of the old money-signs into a currency-loan, which is an annuity-book-loan, titles only transferable with governemental permission, and *to bring the new money-signs*, (the new standard) *out by way of the book-accounts and as part thereof!* (There are *three* steams distinguishable: the old money-signs, the new money-signs, the book-accounts) . A "stamping-down of old money-signs" always will create the suspicion, that the author of such or other schematical methods did not conceive the sociological sense of money and gold, neither the sociological demands, which are implied in or given with them.

As an instance for tactical execution we here give the way to proceed, advocated in the case Germany[1]):

1. Drawing up of a state-balance-sheet combined with the finding out of the new currency-footing.

In drawing up such state-balance-sheet, we have to consider, that at present we have to deal with the sociological disturbance of unemployment. We therefore have to consider the money-signs needed to save the unemployed from starving, as money-signs already issued, and have to put them down in our balance-sheet. On the other hand we know, that in some time, which we consider not to exceed 9—12 months, all unemployed will have work again, and that than taxes again can be taken from them! Thus we have to put down the income of the state by the way of taxes as normal again after that time. For the sake of better oversight, we may divide the income of a state by taxes in two groups: The one group, which has to balance with the yearly state expenses; the other group, which has to bring in the interests and the amortisation of the state-debts (old debts, from the times of peace, to remain in the market at the devaluated currency-footing, "Currency-loan" and "Settling-loan".)

In regard to tarif-policy, we just have to say, that such-only-is possible after the restoration of a national currency-system, correctly constructed.

2. Cleaning out of the money-market of all values without standard or without cover.

a) The old money-signs to be guided over (exchanged) into a "*currency-loan*" which is an annuity-book-loan (State-debt-book at all county-courts); titles hereditary, but otherwise only transferable by a mild governemental permission. (*Exchangeable*, especially localy, but not to come into the open money-market!) Disagio, in order to bring these old values upon the new standard! To be levied in the form of skiping a certain amount of annuity-years.

b) The war-loans to be guided over (exchanged at par value), similary thereto, into a "*settling-loan*". No disagio, because such is already contained in the taking over of the war-loans upon the new currency-footing or standard, which is a lower standard, than formerly.

c) The state-drafts to be divided into two groups; the older, better than the new standard, to be exchanged into settling-loan, which thus is increased accordingly; the younger group, worse than the new standard, to be exchanged into currency-loan. A part of the older group will be used as cover of the new money-signs. Thus we distinguish an exchange between the banks (giving state drafts of the gold-value of the new currency-footing) and the State (giving them new money-signs); and the banks (giving out the new money-signs into the traffic) and the public (getting debited *accordingly* on its bank-accounts).

"Accordingly" means: According to the relation between old and new money-sign. Vide page 33.

[1]) Gatzen: „Völker-Clearing" November 1921, „Ein soziologisch-geldtechnischer Versuch zur Erklärung und zur Beseitigung der Weltkrisis." Ante-Portas-Verlag, München-Grünwald. — To be obtained through all booksellers; booksellers will address themselves to Theodor Thomas, Komm.-Ges., Leipzig, Thalstraße. — Mailing-list, nearly entirely the same as that given on page 10.

3. Three gouvernemental decrees, to guide the moving:

a) *I. decree:* Foreign countries, as well as the inland herewith are invited to pay in the old money-signs at the natural reservoirs of money, the banks, cashs and savings-banks; otherwise the owners of the old money-signs will not share the advantages, which the owners of book-accounts will have, when — in three months from date — the regulation of the German currency will take place.

b) *II. decree:* Article 1. The old money-signs cannot be paid in any more at the cashs, banks and savings-banks on open accounts (book-account); but only on account of the "*Currencyloan*", in which the old money-signs have to be guided over, because they are as well coverless as well standardless.

The third and last decree for the regulation of the German currency, (soon to be expected) will contain particulars.

Articule 2. In the meanwhile the old-money-signs remain legal tender, a change of its value does not take place and the currency-loan takes them over at this same value. Therefore eventual attempts to negotiate the old money-signs in the meanwhile with an overvalue or an undervalue would have fraudulent character and would justify to call upon the state-attorney.

The duty of the cashs, banks, and savings-banks *to pay out* from your account, *remains unchanged!* It will be fulfiled firstly still in old money-signs, later on in new ones. Furthermore the entire giral-traffic remains unchanged! The attention of the public again is called to its outmost high importance and its improved methods (for instance certified checks over fixed denominations, current, as all checks do, 10 days).

Payments from account to account are equal to payments by legal tender (Save the entry)

III. decree: (May be given out any time after decree II. The only question is, wether the new money-signs are printed or not)

Article 1. The new money-signs, namely gold-Marks of the value of ..... grammes of gold come out by the regular way, the cashs, banks and savings-banks.

One new gold-Mark is equal to ..... old paper-Marks.

Whereas the amount of these new gold-Marks to be issued stands under legal restrictions, in order that the old standardless paper-doings is stopped, the attention of the public again in called to the high importance of giral-methods.

The new money-signs have a limited circulation! They are issued for one year only, and have to be paid back upon book-account at any of the cashs, banks and savings-banks before March 31st of the next year.

Article 2. In a time not exceeding 6 weecks from date, there have to be delivered at any of the cashs, banks and savings-banks, which are "governmental-delivery-offices".

a) All old money-signs; the deliverer receives in exchange the same amount of "currency-loan" (Disagio as set forth above).

b) All war-loans; the deliverer receives in exchange the same amount of "settling-loan" at par value (No Disagio).

c) All state-drafts; the older state-drafts, issued before ... (date) will be exchanged into "settling loan"; the younger, issued after .... (same date) into "currency-loan".

(Details about "currency-loan" and "settling-loan" here omitted.)

Article 3. After said term of 6 weecks, all old-money-signs, war-loans and state-drafts, which have not been exchanged into currency viz. settling-loan will be annulated.

Later delivery of them shall only than be taken in consideration, in case the deliverer, delivering too late, *brings full proof* 1) that the later delivery is, for some reasons or others, excuseable (for instance: money-signs were locked up in a safe in one of the former German colonies), 2) that the deliverer, delivering too late, could not even notify the Government in the term of six weecks set above, of his impossibility to deliver in time (for instance: sickness).

All thus concerned are herewith ordered to hand in in said term of six weecks such notification. Forms to be obtained at the governmental delivery-offices.

In the case of Germany we have added further particulars, which will be added here, as far as they seem to be of universal interest.

After having found the new currency-footing (and thus the basis for a clear financial state-balance-sheet), we have to fix the amount of money-signs needed, (the total amount, as well as the amount of each of the three forms needed and their denominations), which has to be put under "braking-systems", keeping up smoothly and automaticaly the "point of satiety". Here we advice a conference of the national bankers, in order to find that amount of new standard money-signs needed as correctly, as it can be done. If the opinions should differ, take one figure, which seems best to you; it is not of vital importance, wether it is entirely correct: If your national braking-systems are correctly constructed, they will do the rest of the work and find the correct figure automaticaly. According to the results, you obtain by your braking-systems, you will be able to see in course of time, if and where you have to adjust or to improve them. For instance you may lower the progressivity of the money-sign-tax; or enlarge the premiums, or vizeversa etc. This all is: Cura posterior!

But, what you have to do right-away, is to find the arithmetical relation between the new currency-footing (the new national standard) and the standardless and coverless old money-signs, at far as it can be done. You need such an arithmetical relation in order to know, how many annuity-years of the "currency-loan" you will have to skip; or in which relation the old money-signs shall be put to the new ones, when you bring out the new money-signs by way of the (inflationated) book-accounts and as part thereof!

We donnot believe, that an entire correct arithmetical relation can be established. There remains enough moving-space to come to a simple relation as for instance 1 : 4. (Exactly, as there remains enough moving-space, to choose the new currency-footing in one decimal figure). Such a relation — just taken *roughly* — entirely serves its purpose. For the prices of all merchandises will fluctuate further according to the law of offer and demand! The sociological sense of that rough relation is not to stabilize prices of merchandises for good (for ever) or to bring out compulsory prices; the sociological sense is, that the "line of dearness" and the "line of deterioration" — we spoke of on page 20 — will be united again by this positive deed of sociological statesmanship!!! So that the old "line of price-forming" is reestablished again. This is the logical supposition for the healing off of all the different puzzling effects in economics, finances and politics; the effects than — and than only — (we repeat it) will vanish by themselves in the course of time.

Thus we see, that the guiding-over from disorder to order is a relative simple affair. All merchandises, wages, stocks, bonds,

INTENTIONAL SECOND EXPOSURE

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Thus we see, that the guiding-over from disorder to order is a relative simple affair. All merchandises, wages, stocks, bonds,

mortgages, book-accounts, shortly "all goods and services" will be paid by the same price, as they are paid now; they just will be paid in the future in a money-sign more valuable, and, according to the relation, you have to give less of these new money-signs.

There just remains one point: Obligations running back into the past. It is possible to issue a governemental index, which exactly will show, how much every obligation, *DUE* already in the past, at any certain date, between the time of the old standard and the new standard, will be worth in new money-signs at the date of their issue. But we doubt, wether it is adviseable to issue such gouvernemental index. As long as the supreme national court does not ask for such index, we think it better to leave it to law to find out the damages due to delay, in every *individual* case, and not to force a *schematical* index upon the free judical views.

Contrary to the general opinion the restoration of order will not be connected with any lose of fortunes, any breaking of prices or with similar troubles. This becomes evident, if one considers that this restoration of external order has an interior, a sociological, meaning: To arrest the present sociological Circulus Vitiosus and to throw it in the opposite direction, into a sociological Circulus Benevolens. There is nothing precipitating in that!

The external effect of such throwing around by a restoration of national value-standards obviously will be, that merchandises, stocks, bonds, mortgages, etc. — the valutas too — than will not fluctuate any more so insanly, as they do now.

But, as stated, there is more in this transaction, than thus externaly meets the eye! The main-point is an interior, is a sociological, one: The ultimate cause of the present worlds-crisis than is abolished! The moving-spring of the present sociological circulus vitiosus than has been set to work into the opposite direction, namely to push on a circulus benevolens!

Than-only-all ethical powers can come back too, to do their share of the work: The possibility as well as the willingness to work, the joy to work, to save, to calculate for the future etc. and earth than will look again like the best world possible. *Without offering such sociological help, the chauvinism and the hatred among the nations never will cease*! This is obvious!

At present all nations are menaced by the grim fate of general starvation, with which there obviously is combined a general and progressive despair, and a lowering of all good will, all ethics, moral and — even — religion!!! At present there exists a distinct throwback of civilized and reasoning men into animal life, cleverly following wild instincts; but the point is, that *this* "Call of the wild" leads into death, and not into some new or higher form of sociological development; this clearly can be seen from Mr. Nansens latest report about the starvation in Russia. Money does rule

the world; we advocate taxes of inheritance for social purposes; but the present insanity of this ruler means universal death.

We beg to repeat it: The throwing around of the circulus vitiosus into a circulus benevolens is an entirely *mental* affair of *sociological* character. We use external means for that sociological purpose, which may look like economical, financial or political means; but the point is, that we therewith strive for something else! We beg to say for instance: We want something else, one might say much more, than Mr. Vanderlip: He wants to create a standard-value-unit, because he perceived the need for such; we want to throw around the sociological circulus vitiosus, and *we use the restoration of the national standard-value-units only as external means to do it!*

From the standpoint of economical philosophy the starting point and the purpose of all economics, finances and politics is: To help the living! With other words: Those sciences take roots from the other science: *Sociology! We have to go to the roots of economics, finances and politics in order to administer the help, the world needs!* The grim fate of a starvation of millions in all countries, in many cases already to-day only is thinly covered by the abuse of the note-printing-mashinery; for in consequence of the chaos the fields donnot bring any more the necessary crops. The Haute-Finance should not forget, that in case money becomes entirely senseless, a sociological hatred against all banking may spring into existence, which easely will unload itself (foolishly) in destroying the bank-houses. (Confer Russia.) We beg to state that in order to convince everybody of *the enormous seriousness of the problem and of the vital importance "to act, as long, as there still is time"*. In the deluge, reported by the bible, Noah did build the saving Arch, though some people found it ridiculous. In the sociological deluge of our days the world has to *go back to a standard-currency everywhere and forward to the worlds-clearing needed and with all speed possible.* Otherwise the time of 9—12 months, the healing-off will require, may no more be given!!!

The conference of Genua already may have such results. Time is pressing!!! All politics, purely *negative*, for instance "Let the others find the solution; we cannot dare to move" or "We want to see valuable money, though we know that it is impossible", there — at Genua — can already been left to the past, and there — at Genua — the *positive* policy can already spring into existence "To make the economical powers of Europe work again". The truth is "*Because the losers cannot pay anything* (at least nothing of importance) *to the winners, and vice-versa, there is only an arithmetical settling possible, which entirely serves its purpose.*"

We believe, to have shown that arithmetical settling in a form ready for execution; and beg to repeat the sociological law, that

"the more Middle-Europe is powered out, the more the sociological need of the victorious nations is increased" [1]).

These two outcomes (clear state-balance-sheet by arithmetical means only *and* stopping of the sociological need everywhere by a restoration of the possibility to exchange will to produce and power to consume over the entire globe) certainly are satisfying everybody.

After all that, what political, economical and financial authorities, like Mr. Lloyd George, Professor Keynes, Mr. Vanderlip, Mr. Kingsley etc. etc. already have stated, the political world cannot be very much surprised by this new sociological truth, which seems to restlessly be the whole truth and the systematical truth, developing all views and thus connecting *all* systematicaly. For the balance, some small payements of Middle-Europe may be extracted, in case some diplomatists think, that the false and in some cases chauvinistic public opinion in regard to the "repartition-question" has to be taken in due consideration. The main thing certainly is to rebuild the territories which have been destroyed by the war, as far as this rebuilding is wanted; for this part of the repartition cannot be done by arithmetical means only. For further balance we beg to refer to the closing words of this pamphlet, which try to solve the problem of commercial rivalities, and we hope, that the political world there will find golden bridges, as far as such are desired.

Recapitulation and Review.

That's about all, we have to say in this pamphlet, about the mainpoints of the situation. In closing it, we want to add just some words of *economical philosophy* in regard to the proposals, which we have developed.

If we are right, that the entire sociological disturbances are due to the status of the national currency-systems and the one-sided accumulation of gold, which has proven destructive, it is only logical to expect the solution of the worlds-problem by a restandarizing of the national value-units and by a *reshipping* of the gold, which in our opinion *can only be done* in case the states, too rich in gold, follow the advices given in this pamphlet about "the three forms of money-signs". — (Gold-nucleus-currency, or gold-giral-currency.)

Whereas furthermore the correctness of our general view cannot be doubted (in our opinion), that we have a *sociological* crisis, which — being a CAUSE — *cannot* be abolished by economical, financial or political means, it seems only logical to *expect the abolishing of the*

[1]) A lowering of the Middleeuropean currency-footings for financial purposes of the winners of the war, would be just another form of slavery. Confer page 24 and beware of new external forms!

crisis by repairing the means of measurement itself, which — besides — is a logical supposition of all economics, finances and politics! At the occasion of this repair in every national bookkeeping circle, we get the clear state-balance-sheet needed everywhere by winners, losers and even neutrals, by just lowering the currency-footing! Of course there will remain quite a lot of executive work for every financial or "special Currency-ministery" of every country; but every state will at least know by this pamphlet, where *the land of truth* is laying, and *how to reach it!*

The state of a national "Commercial" or "Paying-Balance" is the bookkeeping result of the national sociological intensity of producing and consuming (in regard to foreign countries) measured with the national value-standard. — Now the present situation is: 1) The national value-standards in most cases are No-standards. In consequence thereof the balances, obtained in our days, are nearly entirely valueless, as to their arithmethical results and as to the conclusions based on them. 2) The national sociological intensity of producing and consuming is lowered everywhere just *by* that insane situation of the value-standards! That sociological intensity is the main-point, and not its registering! [1]) A restandarisation, the new-gauging of the means to measure values, will bring that intensity back to full speed and even to a higher one! "Money does rule the world!" — Well: "Than make money, by mental means, the best money possible!" An insane ruler will drive every country into ruin; and therewith too his favorits, among which he may squander for a short time imaginary fortunes of arithmetical value only. — Donnot forget the starvation in Russia!

The "value" of everything depends of the sociological sense, the thing has!!! Robinson had no use for the big gold-lump on his lonely island; Every locomtive-engin standing idle in consequence of the Circulus vitiosus existing at present, becomes old iron with logical necessity in case the Circulus is not thrown around. The great conquisistadores of our time certainly can buy all locomotives very cheap in our days; but they cannot give them back their sociological sense! Only Sociology and the sociological Technicology of money can do that! — Donnot forget the starvation in Russia!!

It is of interest to show the distinct change between the directions followed by Spaa and following conferences and the latest London conference: Spaa and successors followed the direction "Power out the vanquised, for the sake of a clear state-balance-sheet of the winners!!" London distinctly went the opposite direction: "For Heavens sake stop powering out; otherwise we are losed being overflooded by the cheaper German merchandises".

[1]) It may — passively — register that diminuisling of that sociological intensity; but the point is: To — actively — **make grow again** that intensity!!!

Now, the truth here developed is laying in the middle and corresponds with the view of commen sense, that the losers cannot "pay" anything of importance to the winners, and the winners not to the losers. Thus common sense proves, that only an arithmetical winding up is possible. And therefore we seem to be entitled to the belief: *Any other solution of the worlds-problem than that, set forth in this pamphlet — does not exist!*

It is worth remembering too, that starvation did seize Russia, inspite of the fact, that there was no "repartition-problem": The circulus vitiosus will not be stopped just by a remission of debts! We repeat, that the reshipping of gold as a sociological currency-help is a sociological, and not a financial transaction. We distinctly beg to *warn* all states, to request, to give or to take goldbricks as a *financial* loan, before the "world-clearing" is done.

Furthermore it is of interest, to look upon the view of some economists: "That enormous values have been destroyed, that these values now are wanting, and that therefore the crisis cannot be overcome until all those values are recreated by human labour." With other words: "that the future of mankind — without mercy or redemption — is and must remain enslaved to the past."

There certainly is *some* truth in that statement; for instance that neither the economical science — neither the financier, neither the politicain — for interior reasons are able to redeem the future of the past and to offer a solution of the worlds problem; and that all economical, financial or political attempts to find such, have to be considered a priori impossibilities.

It is true too, and outmost regreteable, that in many countries "our best men are gone" and that besides other national values, of material character only, have perished to a high extend. But on the other hand, *the values which remained*, all those Men, Houses, Mashinery, Rail-roads, Ships, Factories etc. want to live, and do not want to perish; and it is obvious, that somehow it should be possible to arrange things. *Everybody feels it!* But it took hard special work — a life-work — to bring sense and system in the complex of questions! From the standpoint of the present solution we perfectly understand, that a "destruction of kapital" is combined with a "pittyfull misery of the social status of the proletariains, getting more miserable every day"; for the same would be the case, if any of the other abstracte means of measurement, sociologicaly needed, for instance the weight-unit, would be in the same insane situation, the national value-units are in! Here we donot need any scientific proves; common sense is sufficient. —

The present solution is to the benefit of everybody; it does not take away something, it only gives, namely creates measurements needed. That's all! Of course we need the necessary paper-factories and note-printing-mashinery, in case we deceide that

money-signs, firstly, are *state*-instruments and that "yearly money" (to be paid back again upon the private bookaccounts, which than again are rationed for the next year) therefore indeed is the best braking-system. But those factories and mashineries splendidly will pay themselves! In exchanging the old standard-and cover-less values into "Currency-loan" and "Settling-loan", a small fee, payable in new standards, can be levied. The national winding-up is a business affair too! It we only levy 1% (the traffic will stand 10% easely) we get enough FROM the winding-up, in order to pay all factories needed, the instalation and the maintenance of the state-debt-books at all county-seats, bank-commissions, fees etc. *The Haute Finance of all countries herewith is invited to participate in the gauging and to kindly calculate it out!* For the balance: Gauging has nothing to do with capitalism or any other ism. The gauging men just receive their fees as solicitors according to the value of the object. That's all!

We advocate that the profits, which are obtained by the winding-up of every national bookkeeping circle, shall remain *in* every national bookkeeping circle; for a centralized action could cause political and commercial envy[1]). We advocate a central-office in one of the neutral states for scientific purposes only, to exchange experiences and to collect statistics. A Press-department may be added to each national office (Currency-ministery; Ministery for sociology; Sociological department of the Foreign-Office or of the Ministery of Finances etc.). We advocate a *special* office, working very independent from other State-departments.

From the business-standpoint the "Worlds-Clearing" is one of the greatest business-transactions history knows of. And it is a transaction benefiting all mankind; for *it does turn around the Circulus vitiosus* leading in universal desastre, into a Circulus benevolens leading into universal prosperity. — Donnot forget the starvation in Russia!!!

Whereas we want to convince not only the statesman, the scientist, and the Haute-Finance of the completeness and correctness of our proposals, here developed, but everybody, we finaly want to add, that a bodily existence of gold in the traffic is unnecessary. Practicaly there are many countries to-day, where you never see a gold-coin, and yet you do exchange money-signs every day. Theoreticaly you donot need to go to Paris, where the "original Meter-standard" consisting of platin is kept under glas, if you want to measure a Meter of ribbon; for the traffic simple wooden rules are sufficient, which — by governemental attestation — are its equal.

[1]) The possible endeavour to become "Master of the world" would be a nuisance and a nonsense; for there is no sociological need for such mastership or such centralisation: It would not help that master and it would not help the world.

The traffic never knew and never cared, how many gold-grammes stood behind the national currency. All the traffic wanted to have was a constant value-unit (counting by Dollars, Rubels, Marks etc., *and not* by grammes of gold!).

As long as we get that constant value-unit, which first of all is a mental affair and not an affair of gold-possession, the traffic does not care about the details.

Of course some gold, the "gold technical minimum" must exist nationaly. Mr. Vanderlip considered about 20% of bodily gold a sufficient cover for his money-signs, covering the balance of 80% by the united cover of different state-credits. We think the plural cover, advocated here, better; id est *a distinct sociological improvement!* We want such a united credit of different states only as *one of the single covers* of a *plural* system! For no state-credit, even no united one, can supply bodily gold, if people get greedy, anxious, senseless etc. in cases of emergency (which all are sociological affairs!). And the cover of the "united" credit of states, as they are to-day, namely which are all and everyone of them in a sociological breakdown, doubtless is not without danger! It takes at least one seeing man to enable a union of blinds to move! We therefore believe, that, in case the European bank, advocated by Mr. Vanderlip, should issue gold-coins, they soon would disappear and be piled up. On the other hand, in case that European bank cannot dare to issue gold-coins, its system of construction obviously would be imperfect. Just one technical question: How about the bracking-system of that Bank of Europe?

Under our system of *plural* covers however, we can issue gold-coins again, as far as the different national book-keeping circles should have a surplus of gold to do it! This for instance will be — or remain — the case in the United States of America, during in states, where only the gold-technical-minimum exists, the luxury of gold-coins will remain a *practical* impossibility (for want of surplus gold).

Goldcoins only are possible, in case the other money-signs by correct *mental* construction have no other buying power, than the gold-coins! It is an old rule of all mints not to give full gold-value to the gold-coins, but a little less. The sociological explanation thereto is, to insure the gold-coins against the greed, the anxiousness and the senselessness etc. of the public in cases of emergency! The insurance consists therein, that the public shall *lose*, in case it melts in the gold-coins! And this sociological insurance can be reestablished, in case we reestablish everywhere a national currency system of a completely correct mental construction!

We would not advise the issue of gold-coins for the next five years with a higher percentage in gold than (about) 60%. And we furthermore advise, to retain the right to call in these gold-coins again

after 5 years, at the same time obliging the state to take back these goldcoins upon the private book-accounts after that time at par value.

To get back to gold-coins, as some are inclined to believe, is not the main-point; the main-point is the intellectual correctness of the currency-systems!

We have already spoken about the three forms of money-signs, and want to add here: 1) The national state-bank goldgramm-certificate will be of use mainly in the international traffic! The more, in case all national currency-footings should be expressed by one decimal figure of gold-grammes. (The *national* state bank certificate is a *decentralized* execution of Mr. Vanderlips idea.)

2) The goldless money-signs covered by systems of plural covers, mainly for the inland traffic! We donnot advocate — let it be well understood! — a "double-currency"; the goldless money-sign is not only fully covered, but pluraly fully covered! Just instead of the gold-grammes wanted, there stands for instance the word of all national banks, which have houses, the value of which can be expressed in gold-grammes! There stands besides labour, the value of which can be expressed in gold-grammes! There stands the credit of the community etc.

3) Coins; all coins may they be metalistic or nominalistic — will have the sociological meaning of "Chicken-food" as the Americain banking-clerks use to say. The coin is just a thing of practical convenience.

A toy for the public, which always is inclined to be childish: *To have goldcoins is not the main-point; the main-point is to have a standard national value-unit equal to a certain amount of gold-grammes and equipped with the necessary braking-systems!!!*

Our propositions make gold a still more ideal basis for currencies, than it ever has been before in human history! On the one hand we enable all states to stretch the gold-cover, and we make the states, without gold-deposits very independent from those, which have them. (After the worlds-clearing will be transacted, we advocate an internationalisation of all gold-deposits and mining and chemistry-methods in some mild form or the other.) On the other hand we insure the world against an overproduction of gold. If such ever should take place (solution of the chemical problem to extract the gold from the ocean) the world first of all could replace all goldless money-signs by goldcoins! —

Thus gold is made an ideal basis, and will remain such, as long as Men strive to obtain the best and most valuable to do homage to "Her". There is a deep connection of the present sociological problem, to save Life — — — with "Her".

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INTENTIONAL SECOND EXPOSURE

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It seems obvious, that the worlds-problem of our days would not be solved, in case a Middle-European chemist should invent a possibility to create gold, and in case vanquished Middle-Europe

than would pay all repartition wanted in goldbricks. This certainly would cause a clear state-balance-sheet of the victorious nations; but it would not solve the problem; for the problem is not a financial one, but a sociological one: "To bring back "will to produce" and "power to consume" to the highest intensity reasonably possible"! It is obvious, that this problem would not even be touched, by manufacturing gold on a large scale, and by bringing it into the treasuries of the victorious nations. Just a gold inflationation would be the result.

The call of the hour is another one, than to deal with this old alchemistic problem, which is our opinion never will be solved on a paying basis, though we donnot want to entirely deny the possibility of laboratory-demonstrations after the surprises, for instance radium has given to science. At all events the solution of the problem to manufacture gold — to day yet far-off — will not hurt the world, in case at the time of such solution a sound currency does exist everywhere. Such solution *than* would only mean: A change of the currency-basis; or it may mean a change from a metalistic money-system to a nominalistic one; but donnet let us forget, that both need braking-systems, and that the fight between metalism and nominalism is more of academical, than of practical importance. In this fight the *sociological* meaning of money nearly entirely seems to have been overlooked by the fighters.

The new German coins, which soon will be issued, being aluminium imitations of the old silver-coins distinctly show the mental confusion of our times, which is not without comic: They are nominalistic coins, trying to imitate metalistic ones! They will however serve their sociological purpose (as *nominalistic* Chicken-food), in case the balance of the German currency-system will be brought back into order by *mental* means. — Of course it is not entirely impossible to start harnessing a horse by the tail; (and similar ways to proceed have been tried in other countries too) but it is an inconvinient situation, if such kind of coachmen are supposed to be judges on harnessing correctly. This is about the situation of a sociologist, who has to bring his life-work before the tribunal of economists, financiers, and politicains; for, as stated, a "Ministery for Sociology" is wanting in every country.

Closing words.

We have not said in this pamphlet one word about a moratorium; neither about financial and economical loans, may they be requested, given, taken, or forced upon; neither about any compulsory domestic means; neither about coal-delivery or printing of gold-bonds (which are valueless before they leave the printing-mashinery). In our opinion all these means do not come to the point.

In our opinion economical and financial conferences are an impossibility, as long as the sociological worlds-clearing, the clearing of the national state-balance-sheets by sociological means, the reestablishing of a national standard everywhere correctly constructed and a gold-technical-minimum everywhere, have not been accomplished. If, on the other hand, these urguent necessary things will have been executed, economical and financial, as well as political, conferences again are possible and may *be of very high benefit to all concerned.*

But two other things have to be mentioned here, *and their relative place in the systematical truth* has to be still shown, in this pamphlet. For they form the logical consequence of the fact, that we apply the sociological bookkeepers trick of Solon in *several* cases, and not in the *one* case of one state. *In this multiplied application of Solons sociological wisdom in our days, an entire statesmanship-system is contained for our days!*

Modestly trying to follow the direction of his thoughts, we look upon the sociological and social need of the individual and of the communities (states) and we want to close our pamphlet with the following statements:

The social question is solveable, as far its sociological and material side is concerned. It is not an utopia to expect times of highest prosperity in consequence of the advices here given, which enable the individual to work, to enjoy life, to take part in the goods, civilisation has to offer, and to guide himself and his childern to better social position, by industry, honesty, and fairness; especially if we advocate taxes of inheritance instead of advocating to destroy capital. As far however the social question is of an individual and ethical character, everybody has to find the solution of the social question in his own heart; *for with material means one can make people only wealthy, but not rich!* — — —

In regard to the communities, we similary want to give to all states concerned the highest prosperity possible. It is obvious, that we have to do that in *such* a way, that no commercial rivalities (leading into wars) with other countries will arise, which for some reason or other (for instance: better climate, richer natural deposits, a soil more fertil, greater activity etc.) have a natural advantage. *The economical law, that such a natural advantage must show or register itself somewhere* (in a bookkeepers-way), *cannot be fought with guns; and if the world should have learned that from the worlds-war, it has not been fought invain.* The only way to settle such commercial rivalities is by syndicating agreements of sociological character. In regard to the English-German commercial dilemma, (which seems to us as unsolved as ever before) Josef Chamberlain, whom we regard as the father of the school of sociological statesmanship, came very near to a solution of that dilemma. We regret,

that he did not think of giving his proposals the form of an international English-German agreement, instead of an internal English one between the Motherland and its Colonies. We advocate the following solution of the English-German commercial dilemma:

"England not to deliver any more English merchandises into Germany or colonies, if not requested by the German Gouvernement."

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Such a syndicating agreement of sociological character would form a source of profit for both parties; for if any English merchandise should be better or cheaper, than the same German merchandise, the German labouring classes will call for it, and the German Gouvernement will have to find that *automatical* point, every tarif-policy of commen sense has to keep up. For if the German labouring classes would get all English merchandises too cheap, that would mean, that in the course of some short time, the German labouring classes would have spent all their money, and besides would lose the possibility to work.

The reverse is true just the same in regard to any of the German merchandises, to be introduced into England.

Such agrements are easely to be carried out. (Labelling system! "Not for Germany" — "Nicht für England", similar to the labelling-system, the Americain poor-food-law knows). In fact such labelling does already exist. For instance in the domains of international protection of authorship and of patents. (Tauchnitz-books and some pharmaceutical products bear such labels: Not to be introduced into the U. S. of America; continental edition only etc.)

Such syndicating-agreements of sociological character seem to be of moment too in other cases and in other parts of the world!!! Its sense always is a sociological one! "Every state should have moving-space according to its hearts-desire on the one hand, but it should not come into domestic rivality with other states, on the other hand." The social idea contained in such agreements, is "it is an organic improvement for all, if all production is done under the best conditions possible". Wether such ideas shall be of lasting value, history will have to show. They seem to be of importance however, to settle commercial rivalities of the presence, after the worlds-clearing will have been done, or at the same time the worlds-clearing takes place. We did already mention, that economical and financial, as well as political, conferences will be of high value again, after order has been brought back into every national book-keeping-system by the reestablishing of a standard, correctly constructed, and by the drawing-up of a clear state-balance-sheet, therewith connected.

Everything is of relative value only. "Tout passe, tout casse, tout lasse". There is no absolute truth neither in free-trade, neither in protective tarif policy. The future-at least for about some generations-probably will belong to a mixture of both systems, and thus civilisation and the bettering of the life-standard of the individual will be able to progress everywhere, at the same time, and with rapid intensity.

Always satisfying solutions are possible; it is just the question, wether they are found out in time or not. We hope to have shown a clear, a correct, and a complete solution of the worlds-problem of our days in this short pamphlet.

The worlds-problem consists therein: "To make the economical powers existing to work again!" Id est — negatively — to stop the diminuishing, which the intensity of the sociological exchange between will to produce and power to consume at present daily is suffering progressively. Id est — positively — to make grow again the intensity of that sociological exchange, which is an exchange absolutely different from the economical exchange between offer and demand.

The solution of the worlds-problem does not lay in the domain of the great banks of exchange, which in times of regularity only are the guardians of the valuta-stability.

The solution of the worlds-problem nearly entirely is laying in the "Science of the sociological technicology of money"; for this science, only, is able

1. To furnish the key to the new and puzzling economical, financial and even political situation of the world,

2. To form a standard-model of a currency-system in general and to execute the restandarizing of the national value-units in special, which are gauging-problems, and not financial ones,

3. To restore a clear state-balance sheet to every nation, without inland-taxes or foreign-payements, which — obviously — both still further would lower the power to consume and thus aggravate the situation everywhere!

4. To restlessly explain and to throw around the present Circulus Vitiosus, characterized by a diminuishing of the intensity of that all-important sociological exchange,

5. To bring a Circulus Benevolens into existence, characterized by a reinforcement of the intensity of that all-important sociological exchange, which reinforcement will be the more of a progressive character, as

a) economicaly: The book-accounts will be able again to furnish all credits wanted and the banks will be able again to direct those credits everywhere over the globe under stabilized valutas (which have received their restabilisation by the

restandarizing of the national value-units and which than again can be left to the guardianship of the great banks of exchange); [1])

b) financialy: A tarif-policy in regard to foreign countries and a system of inland-taxation again is possible;

c) politicaly: Dilemmas of commercial rivality again are rendered solveable, as well as the material side of the social question. —

6. Shortly: To abolish the ultimate cause of the present sociological deluge, which remained after the peace broke out, which hinders a real peace to spring into existence, and of which at present we only see the external effects. —

The fact, that this independent science, the sociological technicology of money, obviously needed to fournish the missing key to the situation and to the restoration of a true and lasting peace, was wanting up to now, fully explains all the enormous difficulties, under which all statesmen and all conferences did suffer. —

If we donnot abolish the ultimate, the interior, cause of the present worlds-crisis — a proceeding possible only by the aid of the science: Sociological Technicology of money —, if we should continue trying to stop the external effects by external means, we never shall come one step farther, we always shall find another puzzle behind that, which we believe to just have solved, and thus shall all remain comparable to the Man, "who made one hole to fill another". —

The outcome of such Danaidian "work" would be — with grim necessity — a general starvation like in Russia, — in the one country a little sooner and slower, in the other country a little later and than quicker: a nameless mischief combined with a bursting of all institutions, culture and civilisation have errected in generations! May nobody undervalue the situation!

It does not cut any figure, *who* will establish himself as leader of the mouvement, which has to come, in case a general starvation shall not come: The league of nations or the conference of

[1]) The sociological technicology of money is an independent science, obviously running parallel to the financial and economical science of the great banks of exchange. The future guardianship of the valuta-stability will have to take into consideration sociological matters too, for instance the guardianship in regard to the goldtechnical minimum everywhere or in regard to the maintainance of the mental correctness of the currency-systems everywhere.

The central office in a neutral state for scientific purposes only ("to exchange experiences and to collect statistics" as advocated page 39) probably will grow into a **permanent** institution. During the national special offices will **disappear** after the work "to clear" will be done nationaly, and thus internationaly.

The financiers of the world thus eventually would retain — as a lasting outcome of the present investigation — the best tools possible to do financial business, based upon economical and social meliorisations.

Genua, Harding or the Catholic Church, Lloyd George or Lenin, the internationality of the labouring classes or that of the capitains of industry, the united Haute-Finance or a single sociologist. The writer begs to express the hope that *all* may come; for in the outmost serious fight against the menace of universal Death all are equals. . . .

We beg to be allowed, to — finaly — say just a few words, about those two personalities, the ideas of which we here modestly tried to develop into a system. Solon was not a financier, an economist, or a politicain; he was a sociologist, who had heart and sociological understanding especially for the poor classes of his countrymen, during the upper classes considered him the greatest statesman of their times. History has confered unto him the honorary title "One of the wises of the world".

In our opinion History will have to confer the same honorary title to Mr. Harding, in case he succeeds to carry through this one main-point of his Presidential programm: To give to the entire world, in its bitter sociological troubles, the "Worlds-Clearing" needed.

Annex:

List of problems systematicaly treated:

1. Accumulation of gold.
2. Bank of Europe.
3. Bookkeeping (figures of an inventary, figures of cash-value etc.).
4. Braking-systems (against an over-, as well as an under-issue of money-signs; of goldcoins too!).
5. Commercial balance.
6. Commercial dilemmas.
7. Cover of money-signs.
8. Currency-footing (in one decimal figure).
9. Devaluation.
10. Epochial limitations of money-signs.
11. Ethics.
12. Free-trade.
13. Formal revision (of the Versailles treaty. Firstly: Offering of the only material execution possible!).
14. Goldcover of the world, far too short.
15. Gold-Nucleus-Currency (Gold-Giral-Currency).
16. Ideal currency basis.
17. Intensity of producing and consuming.
18. Labour, springing into measurable existence.
19. Line of price-forming, line of dearness, line of deterioration.
20. Material execution of the Versailles treaty.
21. Metalism and nominalism.

22. Offer and demand.
23. Paying balance.
24. Position of the businessman.
25. Protectif tarif.
26. Reduction of the amount of money-signs.
27. Repartition.
28. Social need.
29. Social question.
30. Stamping-down of money-signs.
31. State-balance-sheet.
32. State bankrupcy.
33. State-drafts.
34. State-indebtnesses.
35. Synthetical gold.
36. Unemployement.
37. Valuta.
38. War-loans.
39. Wealth or inflationation.
40. Will to produce and power to consume.

The present Monography on Mr. Hardings sociological idea to wind up things by a "worlds-clearing", has been issued February 1922.

The fear: What shall bring the future? or the idea: If "one of us must die", better someone else, than ourselves! are very natural things, though some seem to have mistaken them for "chauvinism". — **Nobody knew up to now how to help! That's the entire secret in a nut-shell.** —

Only because we believe to clearly have shown, how the victorious statesmen can get back a clear state-balance-sheet and how they can give back to their populations a "reasonable living" and even a growing wealth, we feel entitled to the hope, that the Lincoln-call "Let us have peace!" will find an echo not only in their minds, but in their hearts too!

For the balance, the problem is not a national or an international one, but a **supranational** one!

The first hand-taken proofs of this pamphlet have been submited to:

His Holiness the Pope Pius XI.

His Excellency the President of the league of nations Mr. Paul Hymans

The Italian Government, inviting to the Genua conference

His Excellency the President of the U. S. of America Mr. Harding

His Excellency the British Prime-Minister Mr. Lloyd-George

His Excellency the French Prime-Minister Mr. Raimond Poincaré

The Nuntiatur Munich and the Embassies of England, France, Italy, Japan, Spain and the U. S. of America, Berlin

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The French edition soon will appear too.

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